



COAL Overview

Northwest RAC

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Matt McColm

Coal Program Lead

Colorado BLM Coal Program





COAL BENEFITS

- The US has 25% of the world's coal reserves.
- Over the last decade, 49% the Nation's electricity was generated by coal, in 2030 that will increase to 53%.
- 1.5 million people are employed due to coal (directly and indirectly) . In coal producing areas the average miner's wages are \$79,910 compared to \$16,246 for average service industry salaries.
- Coal byproducts (methanol and ethylene) are used in making plastics, tar, synthetic fibers, fertilizers, and medicines.
- You can not make steel without coal.

Coal Program Statistics

Over the Last Decade (FY 2002-2011)

- 49% of the Nation's electricity was derived from Coal
- 40% of the Nation's Coal was Produced from BLM
- BLM-managed lands produced 4.6 billion tons of coal
- BLM held 44 Coal Sales
- BLM generated \$9.0 billion in bonus bids and royalty payments
- BLM administers 306 Coal leases (FY11)

COAL ROYALTY PAYMENTS

FY 2002-2011: \$5.67 BILLION

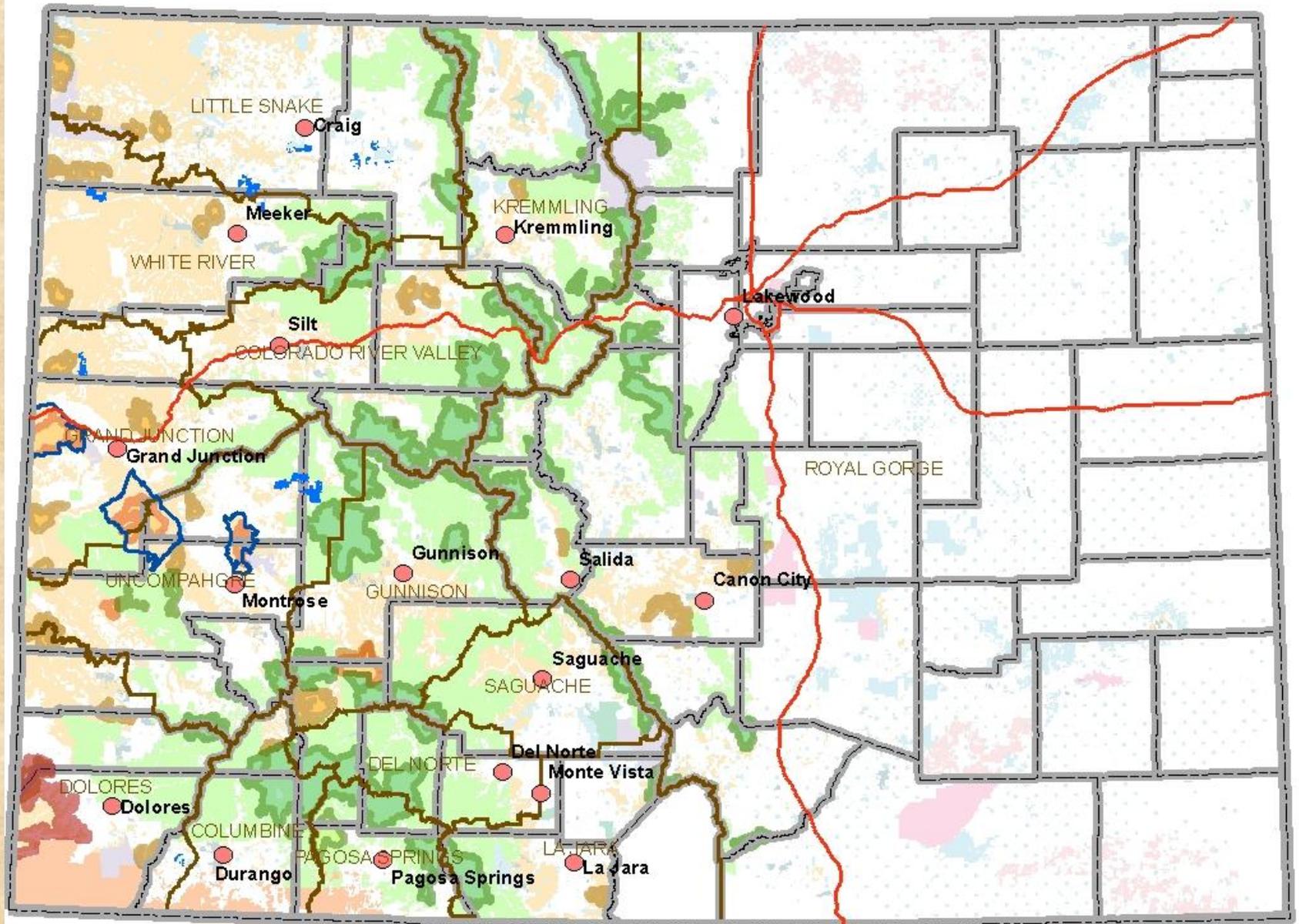
Year	Federal Coal Sales / Prod & Funds Reported To ONRR			
	No. of Leases	Federal Tons	Royalty	Gross Value
2002	312	473,766,828	\$434,365,320	\$3,874,505,113
2003	308	422,326,865	\$407,692,879	\$3,673,528,331
2004	301	511,330,873	\$417,578,467	\$3,916,962,643
2005	295	466,949,162	\$457,494,476	\$4,426,536,111
2006	293	429,370,207	\$508,130,980	\$4,648,597,905
2007	298	439,985,972	\$561,549,252	\$5,167,947,075
2008	300	480,254,684	\$673,981,246	\$6,109,987,638
2009	299	464,053,787	\$693,890,508	\$6,286,373,318
2010	298	454,786,120	\$742,693,852	\$6,696,848,110
2011	306	451,352,837	\$774,117,051	\$6,968,480,607
Total		4,594,177,335	\$5,671,494,029	\$51,769,766,852
Av./Year	301	459,417,733	\$567,149,403	\$5,176,976,685

COAL SALE BONUSES

**FY 2002-2011: \$3.355 BILLION BONUS BIDS ACCEPTED
4.43 BILLION TONS LEASED**

Year	Federal Coal Lease Sales				
	No. Sales	No. of Acres Leased	Tons Leased	Bonus Bid	Bonus Bid \$/Ton
2002	4	8,436	566,391,000	\$391,411,552	\$0.691
2003	2	920	7,930,000	\$6,565,800	\$0.828
2004	8	16,857	1,060,482,000	\$893,901,596	\$0.843
2005	9	18,006	1,042,625,000	\$814,207,234	\$0.779
2006	5	7,942	113,317,335	\$3,526,650	\$0.031
2007	5	5,641	227,900,000	\$39,021,420	\$0.171
2008	3	13,132	591,700,000	\$456,650,513	\$0.772
2009	3	1,066	56,618,000	\$48,650,024	\$0.859
2010	1	160	3,000,000	\$16,000	\$0.005
2011	4	7,441	758,549,800	\$701,100,191	\$0.924
Total	44	79,601	4,431,513,135	\$3,355,050,980	\$0.757
Av./Year	4	7,960	443,151,314	\$335,505,098	\$0.757

Coal Lease Locations



Colorado Coal Program

- FY11 budget - \$870,000
- FY12 budget – initially cut \$523,000, then \$275,000 restored = \$622,000
- 3 Mining Engineers – UFO, LSFO, WRFO
- 5 Geologists – RGFO, LSFO, GJFO, UFO, TRFO

Colorado 2011

- 50 coal leases (the oldest Colorado lease was issued in 1923)
- 6 pending applications for new coal leases
- 7 pending lease modifications
- 3 exploration licenses
- 2 pending exploration licenses

Colorado Coal - 2011

- Total* production = 27 million tons (*Federal, State, and private)
- Federal production = 19.5 million tons
 - \$59 million royalty on \$884 million sales value
 - ½ of Federal royalty is returned to State of Colorado
- 11 mines (9 have Federal leases)
 - 5 underground longwall, 2 to 7.7 million tpy
 - 3 underground room & pillar, .1 to .6 million tpy
 - 3 surface, .3 to 2.4 million tpy

Coal Mines

- Uncompahgre Field Office
 - Mountain Coal Co 4.9 mill tpy
 - Bowie 1.2 mill tpy
 - Oxbow 5.7 mill tpy
- Grand Junction Field Office
 - McClane Canyon inactive
- Tres Rios Field Office
 - National King Coal 500 K tpy

Coal Mines cont.

- Little Snake Field Office
 - Trapper 2.1 mill tpy
 - Colowyo 3.5 mill tpy
 - Twenty Mile 7.8 mill tpy
 - Sage Creek (LBA)
- White River Field Office
 - Deserado 2.2 mill tpy
- Royal Gorge Field Office
 - New Elk (LBA) .1 mill tpy ↑

COAL LEASING PROCESS

Exploration

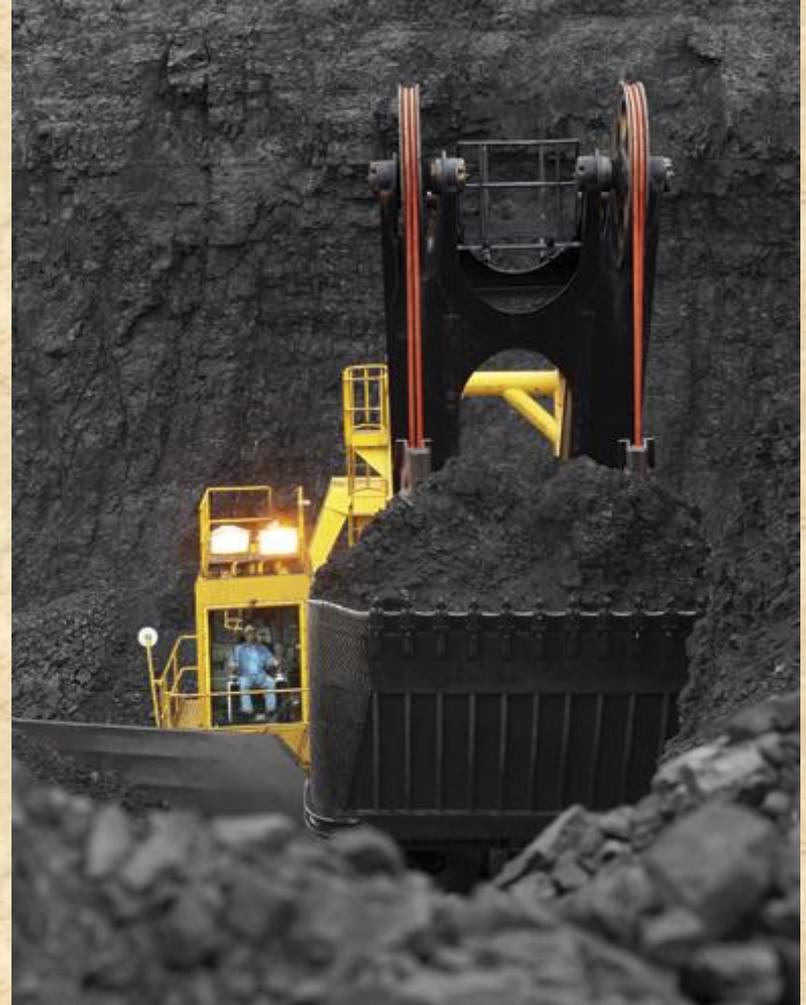
- Exploration Plan
- Exploration License

Leasing

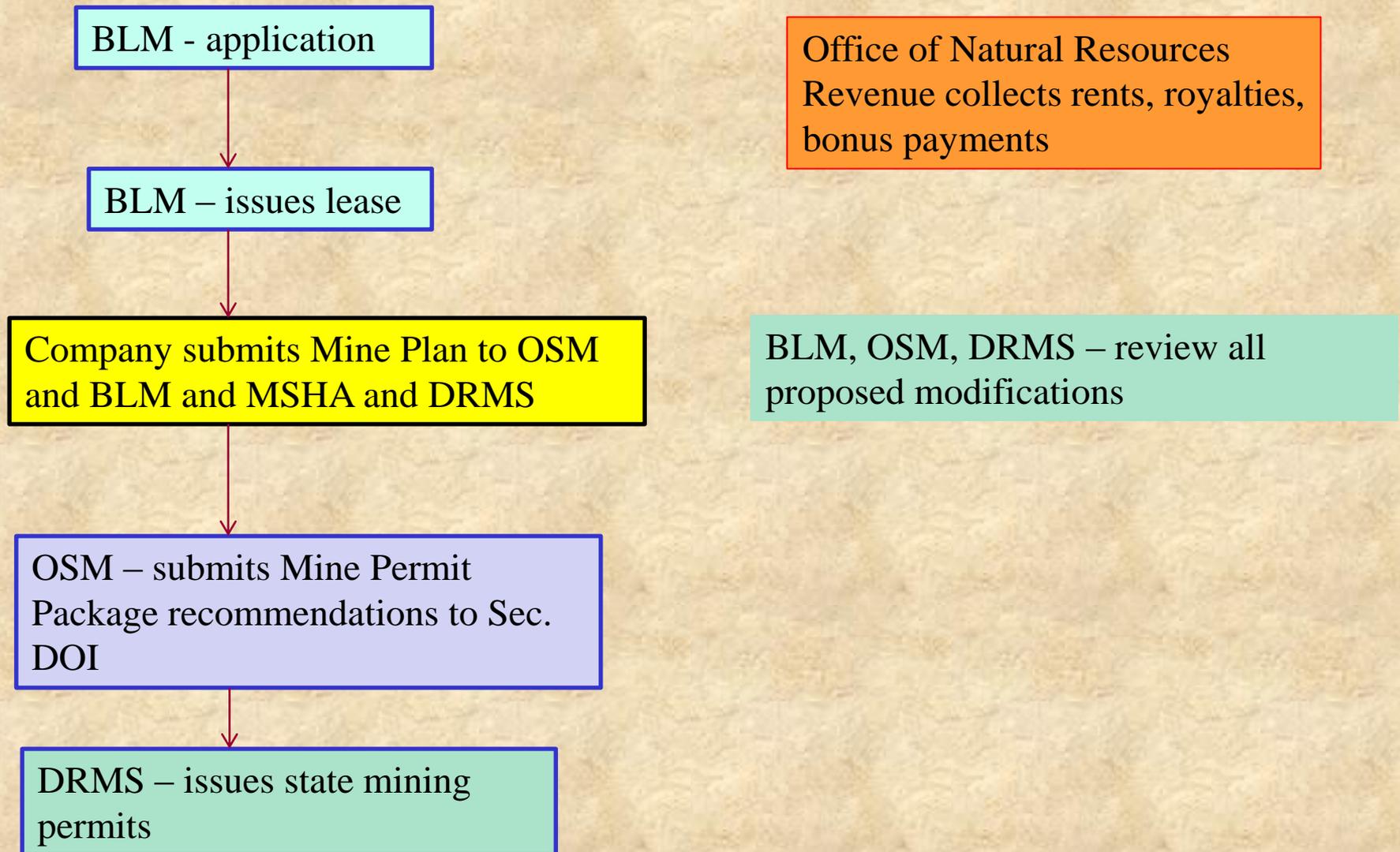
- Lease application
- Environmental Analysis
- Appraisal (Fair Market Value)
- Publication and Competitive Sale
- New Coal Lease Issued

Requirements

- Environmental Analysis
- Bonding
- Payments
- Fair Market Value
- Diligence
- Max Economic Recovery



Basic Leasing Process for Coal



COAL LEASING PROCESSES

Exploration

- Exploration Plan and License

Leasing

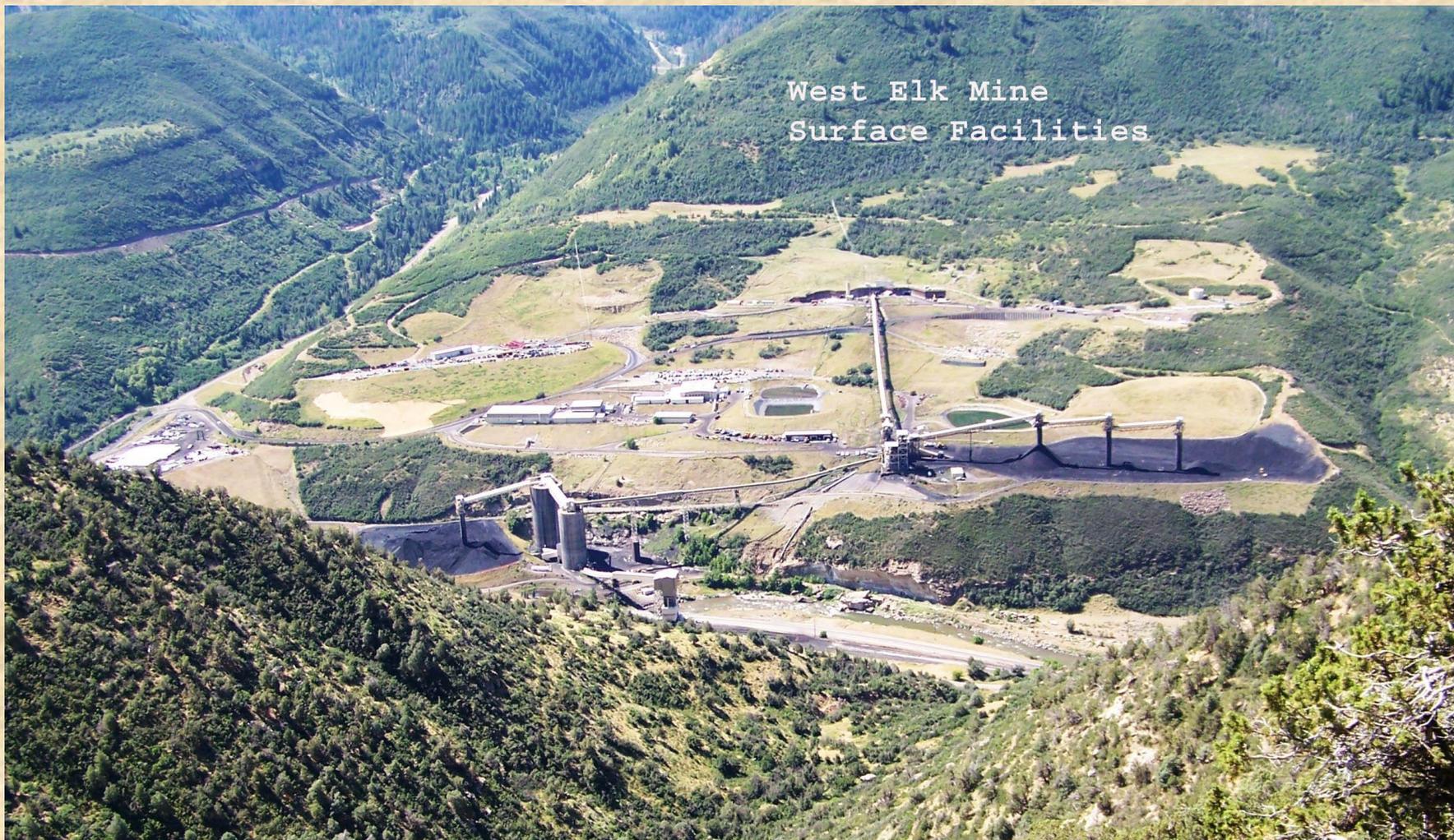
- Lease Application
- Analysis: Environmental, Geological, Mining, and Fair Market Value
- Notice of a Competitive Sale
- Lease Processed/Issued

General Requirements

- Mine Plan/Permit Approval
- Bonding
- FMV (rental, royalty, bonus) payments
- Diligent development



West Elk Mine
Surface Facilities





Train Loadout

Terror Creek
Loadout

B-Seam Portals

BOWIE NO. 2 MINE

D-Seam Portals







